



**COMMUNITY DEVELOPMENT COMMISSION  
of the County of Los Angeles**

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**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

May 24, 2016

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LORI GLASGOW  
EXECUTIVE OFFICER

Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**HEARING TO APPROVE THE 2016-2017 ACTION PLAN FOR THE ALLOCATION  
OF FEDERAL AND STATE FUNDS  
(ALL DISTRICTS) (3 VOTE)**

**SUBJECT**

This letter recommends approval of the Fiscal Year (FY) 2016-2017 Action Plan (Action Plan) to enable the County of Los Angeles (County) to apply for, receive and administer Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and Federal and State of California Emergency Solutions Grant (ESG) Program funds from the U.S. Department of Housing and Urban Development (HUD) for housing and community development activities in the 47 participating cities and the unincorporated areas of the Los Angeles Urban County. This letter relates to two other items appearing on today's agenda for the Board of Commissioners of the Community Development Commission of the County of Los Angeles (Commission) and the Board of Commissioners of the Housing Authority of the County of Los Angeles (Housing Authority). The Commission serves as the agent of the County in administering the Action Plan and the allocated funds described herein.

**IT IS RECOMMENDED THAT YOUR BOARD, AFTER THE PUBLIC HEARING:**

1. Find that approval of the Action Plan is not subject to the provisions of the California Environmental Quality Act (CEQA) because it is not defined as a project under CEQA.

2. Approve the Action Plan, which will enable the Los Angeles Urban County to receive and administer a total of \$35,885,568, comprised of the following: \$20,750,346 in Forty-Second Program Year (July 1, 2016 to June 30, 2017) CDBG funds; \$211,976 in FY 2016-2017 CDBG funds received as a joint applicant with the City of Cerritos and \$851,296 received as a joint applicant with the City of Torrance; \$2,923,741 in prior year County economic development loan funds; \$2,944,772 in estimated future CDBG Program income; \$6,347,230 in FY 2016-2017 HOME Program funds; and \$1,856,207 in FY 2016-2017 Federal ESG funds; all subject to final notification of approval by HUD.
3. Authorize the Commission to serve as the agent of the County, to enter into an agreement with the State of California to receive approximately \$2,215,882 in State ESG funds for programs that assist the homeless; and authorize the Commission to incorporate these funds into the Commission's FY 2016-2017 budget, and to include the final distribution of State ESG funds to the Los Angeles Homeless Services Authority (LAHSA) once LAHSA has completed a Request for Proposal (RFP) process to determine the projects that will receive funding, as described in the Action Plan.
4. Designate the Commission to serve as the agent of the County for administration of the Action Plan and the allocated funds described herein; and authorize the transfer of these allocated funds to the Commission.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Consolidated Plan is a five-year strategy for the County of Los Angeles to expend CDBG, HOME, and ESG funds. The Action Plan is a component of the Consolidated Plan that defines projects and programs to be implemented with these funds over a one-year period. Following approval by the Board of Supervisors, the Action Plan must be submitted to HUD by June 1, 2016.

The National Affordable Housing Act (NAHA) of 1990 (Cranston/Gonzalez Housing Act), as amended in 1992, requires that the County provide a single, consolidated submission of the proposed expenditure of funds to be eligible for HUD formula grant funding, including CDBG, HOME, and ESG funds. The Action Plan satisfies these federal requirements to provide for the release of these allocated funds.

### **FISCAL IMPACT/FINANCING**

There is no impact on the County general fund.

The authority for the funds allocated in the Action Plan will be received by the Commission for administration. The Action Plan includes a total of \$35,885,568, and is comprised of the following: \$20,750,346 in Forty-Second Program Year (July 1, 2016 to June 30, 2017) CDBG funds; \$211,976 in FY 2016-2017 CDBG funds received as a joint applicant with the City of Cerritos and \$851,296 received as a joint applicant with the City of Torrance; \$2,923,741 in prior year County economic development funds; \$2,944,772 in estimated future CDBG Program income; \$6,347,230 in FY 2016-2017 HOME Program funds; and \$1,856,207 in FY 2016-2017 Federal ESG funds.

CDBG funds total \$27,682,131 and are comprised of new, reallocated, prior year, and program income funds, of which \$4,551,986 will be used for administration. A total of \$8,869,017 in CDBG funds will be allocated among the five Supervisorial Districts for projects in the unincorporated areas of the County. Of the funds allocated by Supervisorial Districts, \$494,465 in new FY 2016-2017 CDBG funds will be distributed to the Housing Authority for two new projects. A total of \$7,731,260 in CDBG funds will be allocated among the 47 participating cities. Projects to address housing and community needs will be implemented by the Commission, the Housing Authority, and the Los Angeles County Departments of Regional Planning, Parks and Recreation, Consumer Affairs, the Los Angeles County Public Library, and the Sheriff's Department (collectively, County Departments), and approximately 23 community-based organizations and other public agencies, such as school districts.

The CDBG Reimbursable Contract with the City of Bell Gardens, currently repaying a Section 108 loan, will be amended to reduce its allocation of FY 2016-2017 CDBG funds by \$580,372 in order to set aside the annual repayment amount that is due under a separate Section 108 loan agreement. Additionally, \$208,888 will be subtracted from the Fifth Supervisorial District's FY 2016-2017 allocation to set aside the Section 108 loan annual repayment amount for the unincorporated West Altadena supermarket site assembly; and a total of \$567,400 will be subtracted from the Second Supervisorial District's FY 2016-2017 allocation to set aside the Section 108 loan repayment for the unincorporated Florence Parking Lot and La Alameda Shopping Center projects.

HOME funds total \$6,347,230, of which \$634,723 will be used for the HOME Program administration, as determined by HUD. The First-Time Home Ownership Program will use \$2,856,254 in FY 2016-2017 HOME funds to provide homeownership opportunities in the unincorporated areas of the County and participating cities. Housing development is allocated \$952,084, and new construction \$1,904,169. HOME funds may be reprogrammed based on homeownership or development needs.

Federal ESG funds total an estimated \$1,856,207, and State ESG funds total an estimated \$2,215,882. These funds will be allocated to LAHSA for projects to assist the homeless in the unincorporated areas of the County of Los Angeles and participating cities. LAHSA will conduct an RFP process to award these funds.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The FY 2015-2016 Action Plan ends on June 30, 2016, and a new plan must be adopted by your Board to continue receiving funding from HUD. The new Action Plan includes a description of the activities to be undertaken during FY 2016-2017 to address the objectives identified in the 2013-2018 Consolidated Plan's five-year strategy.

On May 26, 2015, your Board authorized the Commission to administer the CDBG Revolving Grant Fund, which is comprised of prior year funding reallocated by participating cities; and authorized the Commission to enter into agreements with cities that would utilize such funds for specific CDBG-eligible activities upon application by jurisdictions that participate in the Los Angeles Urban County program, following County Counsel approval. The funds withdrawn from the pool would be repaid with future CDBG funds allocated to the participating city that utilized funds from the pool.

Standard CDBG Advance or Reimbursable Contracts will be entered into with recipients of CDBG funds.

The Commission is requesting authority to enter into an agreement with the State of California to receive State ESG funds in the approximate amount of \$2,215,882, to fund programs that assist the homeless; and authorize the Executive Director, or his designee, to incorporate these funds into the Commission's FY 2016-2017 budget, and to distribute these funds to LAHSA once LAHSA has completed an RFP process to determine the projects that will receive funding.

All public notice requirements contained in 24 Code of Federal Regulations Part 91 Section 91.105 of the NAHA for approval of the Action Plan have been satisfied. Public participation was conducted through outreach mailings, surveys, and the establishment of a Commission outreach and information website. A community meeting was held in November 2015 to solicit further public participation. Comments received through all of these efforts have been incorporated into the Action Plan and the documents were posted on the outreach website in April 2016 to update the public regarding the comments received through the public participation process. Notices of the 30-day public comment period and public hearing were published in newspapers in various languages throughout the County and copies of the draft Action Plan were made available for review at public libraries. The public comment period will conclude on May 24, 2016.

The Action Plan is attached to this Board letter. The following documents are also attached: CDBG Program Forty-Second Year Grant (July 1, 2016-June 30, 2017) Funding Summary; FY 2016-2017 HOME Grant Reservations and Set-Asides; and Proposed Use of ESG Funds. These items appear as Attachments A through C, respectively

All of the projects proposed in the Action Plan are being federally-funded. As applicable, the administering agencies will be subject to the prevailing wage requirements of the Davis-Bacon Act and its related Acts, and Section 3 of the Housing and Community Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain HUD assistance be directed to low- and very low-income persons, particularly to persons who are recipients of HUD housing assistance. However, where Section 3 is not applicable, the agencies will be subject to the County's Greater Avenues for Independence (GAIN) Program and General Relief Opportunity for Work (GROW) Program, which furthers the same or similar goals.

This letter has been reviewed by County Counsel.

#### **ENVIRONMENTAL DOCUMENTATION**

These actions are exempt from the provisions of the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34(a)(3), because they are administrative actions and do not involve activities that will alter existing environmental conditions. The actions are not subject to the provisions of CEQA, pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

Each project within the Action Plan will be reviewed for environmental impact on a project-by-project basis before funding is released.

#### **CONTRACTING PROCESS**

The County does not use a competitive process to award CDBG contracts to non-profit agencies. Each Supervisorial District utilizes the Community Resources Investment Strategy (CRIS), citizen input from community meetings, and consultations with the Commission in order to select agencies that best meet community needs.

HOME funds are used to implement a variety of affordable housing development programs available to households earning less than 80% of the area median income for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for family size, as determined by HUD. HOME funds for development are made available on an annual basis through a competitive Notice of Funds Availability (NOFA). Funds are made available to for-profit and non-profit developers. Projects are selected to maximize the

impacts of HOME funds based on viability, financial feasibility, and appropriateness to geographic location and community need. Funds are also made available on a first-come, first-served basis to income-qualified buyers for the purchase of existing housing.

Federal and State ESG funds are allocated to LAHSA. LAHSA contracts with non-profit and government agencies in order to provide housing and services for homeless individuals and families through an RFP process that solicits proposals for new and continuing projects.

### **IMPACT ON CURRENT PROJECTS**

The projects contained in the Action Plan will benefit low- and moderate-income residents of the unincorporated County and participating cities.

Respectfully submitted,



SEAN ROGAN  
Executive Director

Attachments

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**  
**42nd Year Grant (July 1, 2016 to June 30, 2017)**  
**Funding Summary**

**Grant Funds To Be Received**

42nd Year Urban County Entitlement Funds	20,750,346
Received from the City of Cerritos	211,976
Received from the City of Torrance	851,296
<b>TOTAL (Revenues for 42<sup>nd</sup> Program Year)</b>	<b>21,813,618</b>
Revenues for 42 <sup>nd</sup> Program Year	21,813,618
Projected Program Income	2,944,772
Countywide Economic Development Loan Program	2,923,741
<b>TOTAL REVENUES</b>	<b>27,682,131</b>

**Distribution of CDBG Funds for the 42nd Program Year**

Unincorporated Areas <sup>1</sup>	9,931,687
Participating Cities <sup>2</sup>	9,857,202
Countywide Administration	4,551,986
Countywide Capacity Building	417,515
Countywide Economic Development Loan Program	2,923,741
<b>TOTAL</b>	<b>27,682,131</b>

<sup>1</sup> Includes estimated program income and 42<sup>nd</sup> year funds.

<sup>2</sup> Includes estimated program income and 42<sup>nd</sup> year funds.

**ATTACHMENT B****FISCAL YEAR 2016-2017 HOME GRANT FUND RESERVATIONS  
AND SET-ASIDES**

The following chart depicts the distribution of HOME funds among housing activities within the Los Angeles Urban County.

<b>PROGRAM*</b>	<b>FUNDS</b>
HOME Administration	\$ 634,723
Housing Development	952,084
Home Ownership Program	2,856,254
New Construction	1,904,169
<b>Total Funds</b>	<b>\$6,347,230</b>

\*Funds among activities may be reprogrammed.



### PROPOSED USE OF FEDERAL ESG FUNDS

The Los Angeles Homeless Services Authority (LAHSA) proposes to use the 2016-2017 Emergency Solutions Grant (ESG) allocation to meet the purpose of the Stewart B. McKinney Homeless Assistance Act 24 CFR 576.1 (b) as amended by The Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 and to meet the goals in the 2013-2018 Consolidated Plan.

In 2009, the HEARTH Act revised the Emergency Shelter Grant Program and renamed the program to the Emergency Solutions Grant (ESG) Program and also revised it to broaden existing emergency shelter and homelessness prevention activities to add rapid re-housing activities. As such, homelessness prevention and rapid re-housing services will be provided along with homeless shelter and street outreach. Together, these activities will strengthen the referral system of these services in order to address the needs of individuals and families at risk of homelessness and those that are now chronically homeless.

The following is an estimate of the percentages of the ESG funds to be allocated to the various eligible activities:

ELIGIBLE ACTIVITY	ALLOCATION	%
Street Outreach	102,770	5.5%
Emergency Shelter	1,133,649	61.1%
Homelessness Prevention	-	0.0%
Rapid Re-Housing	364,086	19.6%
HMIS	116,487	6.3%
Administration	139,215	7.5%
<b>Total</b>	<b>1,856,207</b>	<b>100.0%</b>

LAHSA will meet the matching funds requirement with 100% federal Supportive Housing Program funds for the 2015-2016 Program Year.